

Surviving the Economic Crisis

Current and Future Trends



Mark William Medley

No unauthorized photocopying

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any Means, without the prior written permission of the Author or New Economics publishers.

© Mark W Medley 2009

Contact the Author at : expat2008@yahoo.com

Complimentary Copy 2009

Contents

Part One: **The Change**

1. President Obama's New Deal	1
2. Learning from the German New Deal of the 1990's	3
3. Three forms of Economic systems we have after the Market Crash of 2008	6
5. Bank Bailouts, is it sending the right Message	9
6. Could Protectionism Create Free Trade between Russia, and China?	11
7. Are Governments "Buying" Their Way Out of the Recession?	13
8. Eight Projected Economic Trends of 2009	14

Part Two: **Changing Economies**

1. Could Bailouts and Nationalizations create Protectionism	16
2. Legalizing the "Immoral"	18
3. Eight ways our Governments can raise Stimulus Capital	20
4. Will Outsourcing become more Localized	22
5. The Effects of Deflation	24

6. Could Charity begin at Home?	26
7. Seven Recession proof Jobs	27
8. The Dangers of Stagflation	29
9. Eight types of Indirect Taxation that could be implemented in the Future	31
10. Can smaller Businesses rebuild our Economy	33
11. Reinventing Capitalism	34

Part Three: Leadership

1. Leadership Change after the Crash of 2009	36
2. Seven behavior styles of Leaders	38
3. The Three main stages of the Leadership Cycle	40
4. Recognizing a Transformational Leadership	42
5. Three Successful Modern Transitional Leaders	44
6. The main phases of Leadership Emergence	46
7. Key Influences on our perceptions of Leaders	48

Part Four: Surviving the Change

1. When to recognize our Economies are Recovering	50
2. Nine Thriving businesses during the current Economic Transition	52
3. The Short Term effects of the “Green Economy”	55
4. Is Bartering a Way Out For Cash Strapped Communities?	57
5. Saving Homeowners from Foreclosures	59
6. Could Freelancing help you Survive the Economic Crisis?	60
7. Survive the Crisis, by living in a Multi-Family Home	61
8. Is Knowledge Trading a new way to Save and Survive?	62
9. Benefiting from Big Government	64
10. Is Job Sharing an Answer to Rising Unemployment?	66
11. Returning to Family Values	68
12. Could a Workshop Economy help you Survive the current Crisis?	70
13. Can Flexitime Save Jobs?	71
14. Adding value to your Skills to get the Right Job	73
15. The Economic benefits of Home Gardening	75
16. The Benefits of Thrift	76

Part Five: Into the Future

1. A new Type of Corporate Executive	77
2. The Future of the Internet	79
3. Benefiting from the New Space Age	81
4. Innovations in New Technology	82
5. Our Green Future	83

"The Chinese use two brush strokes to write the word 'crisis'. One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger-but recognize the opportunity."

John F Kennedy

The Change

President Obama's New Deal

What can he do to fix things, and what is his New Deal? Many people around the world look at the election of President Obama, as a great moment of positive change. However, the 44th President of the USA, entered the White House, amidst the beginning of the worse economic crisis since the Great Depression of the 1930's.

There are fundamental differences between the crash of 1929, and the crash of 2009. People own more, expect more, and the economies of the World are very different. Between 1989 and 2008, most people's lives improved in the developed World, and attitudes changed with these improvements.

Poverty means in many Countries you only own one Television, rent a house, and have a low income job. In 1929, this would not be considered poverty, but wealth. Consumer goods are far cheaper compared to incomes, then anytime in human history, thanks to the outsourcing of industry to low wage countries in the developing world. Countries were the average wage, would never be enough to buy the luxuries exported to the 'rich' West.

The New Deal in 1929, created jobs for people who lived and worked in Industry, not Banking, Brokering, IT and the service industry that replaced Industry, when it was outsourced or replaced by robots. The jobs created, were manual, and semi-skilled jobs, the jobs two generations of Europeans and Americans have shunned.

President Obamas New Deal, is big Government, investing in fixing the infrastructure, and turning the states into a 'Green Economy.' But are the current generations able to turn back the clock, and return to digging up ditches, fixing roads, and building mega projects? Would these generations who traded blue overalls, for jeans and a desk with a laptop able to live on the income earned by returning to life as semi-skilled laborers?

That's the major question over the 'New deal', although the proposed "Green Revolution" raises more questions. We lived beyond our means, and need to change, but are we willing to sacrifice the material benefits we were used to, in order to turn back the effects of global warming?

Our shopping habits caused this new economic downturn, yet many of us really want things back on track, and the way they were. Denying that it was these habits, that created the mess, many economies are in now.

Driving 'Green cars", taking the train, instead of the independence of a conventional car, flying less distances and telecommuting, means we have to sacrifice the 'good' things we had before. Cheap energy means, energy savings, and using less gadgets at home, turning back the clock to cooking instead of eating ready made meals.

To many of the pre October 15th generation, these changes will seem demeaning, because they go against the conventional belief system of the American dream. These changes mean we own less, recycle more, travel more efficiently, and work in more menial jobs, earning less.

It will take more than a New Deal, and "Green revolution" to satisfy millions of people around the World. We need to change ourselves, and our prospective of what we really need. And that is the biggest challenge facing the Obama Presidency.

Learning From the German New Deal of the 1990's

Few people realize that one Country tried a New deal only as recently as 18 years ago, Germany. The German modal could be the modal that some countries would choose today. But few people realize the German New Deal failed.

When the Berlin Wall fell, East Germany became part of West Germany to become a new Germany. The West German Government spent billions rebuilding Eastern Germany, investing in public works and the financial bailout of ordinary East German incomes.

The billions were paid by the taxpayer in the form of higher indirect and direct taxes, whilst key West German Industries were given incentives to invest and relocate in the East. The funds to pay for this rebuilding were funneled through private Companies, Banks and Government approved agencies.

The aim of this program was to create a new Germany for 12 Million citizens of the East that had a failed banking, industrial and at that time educational system. A mini-boom was created, and many large West German Corporations made fortunes out of the rebuilding.

This boom ended by the late 1990's, when the unemployment problem in the East was still increasing, even though East Germans had better roads, streets and nicer hospitals and schools. Eastern and parts of central Germany became a modal of unemployment.

East Germany depopulated, with many East Germans relocating to the old West, leaving behind Europe's biggest pool of empty properties, in Towns and villages that lost over 20-50% of their population.

Property values plummeted and never recovered, leading to German banks preferring to invest in sublime property in the USA than helping an estimated 46% of Germans who still rent today, because of the lack of domestic property loans.

The effects of this massive failure of the German New deal is seen today, high unemployment became "hidden unemployment". With the Government "creating" jobs around collecting fines for breaking new laws.

The "Chicken Police" were one example, hiring unemployed Germans to collect a tax from householders who kept chickens. A tax, paid for each Chicken, offenders who were caught not paying the fees, were fined heavily, covering the salaries of the "Chicken Police. who drove around catching and fining "offenders."

Aside from many of the ludicrous jobs created, the dark side of this failure was the need to create revenues by the Government to pay for the millions of unemployed. These indirect taxes, lowered the incomes working Germans earned, cut small and medium business profits and led to "work share" schemes and "means tested" unemployment benefits to cut costs.

The aim was to discourage people from taking benefits, reduce the actual unemployment figures by rejecting applicants who owned a property or had more than 5000 Euros in assets. Technically leaving millions of Germans neither employed or unemployed, making the disastrous unemployment figures look good on paper.

Along with questions about where many of the billions disappeared, with many Corporate CEO's caught on corruption charges. All the New Deal did was to whitewash dilapidated Towns and villages, impoverish more Germans, and enrich a few large German Corporations.

There were some success stories, but looking at the former Eastern and Central Germany today, you see "rust belts", emptying Villages, states were populations have decreased by over 30%, and real long term unemployment levels of over 8 million.

By 2030, experts believe the population of Germany could decrease by 20 million, as Germans have lost the confidence to have a family. Germany now has the Worlds lowest birthrates, and in some areas Europe's highest unemployment rates, along with the biggest wealth gaps in Western Europe.

Before the crash, middle class Germans were embarrassed lining up at Soup Kitchens in Financial Centers like Frankfurt and Munich. Well dressed, somber and hungry, a testimony to the failed New Deal of the 1990's that Germans are still paying for today.

Three forms of Economic systems we have after the Market Crash of 2008

All our economies are different, although they still follow a standard found in all basic Economic textbooks. Naturally, no economy follows the exact standard, but as we are now in an era of economic change, perhaps its time to look forward and see what types of economies, we could have in the future.

1. Command- Capitalist

A command economy was based on the old communist system where the state own most businesses, and control the economy with a series of rigid planning. This to many is the opposite of the free market economy, we practiced in part, before the market crash of 2008.

A command- Capitalist economy is the actually economy we live in today in the USA, and the European Union. An economy where the state own most of the Banks, and key industries bailed out after the crash.

Although, essentially the free market still rules in some sectors, our Governments are actually the engine of the economy, and are extremely interventionist. It is more a socialistic – market economy, that is still in its making, as our Governments are still preoccupied with stopping our economies from deteriorating any more.

They are in fact in a saving assets mode of thinking by taking over key industries and banks. This means that in the USA, and the UK most Mortgaged property, private business and in part many corporations are in reality owned by the state.

2. Command – Supply Economies

China is in reality a command- supply economy, simply a state that has a free-market system but which could be controlled by the ruling party at anytime; through economic incentives and the Governmental promotion of private and state enterprises through foreign policies.

This system works remarkably well in a crisis, as the State determine energy, monetary, and essential policies on industries. Therefore allowing free enterprise, but controlling it rigidly through the policy of taking over, and changing rules without delay.

China is now the wealthiest nation in the world in terms of foreign currency reserves. The State invest this in overseas private enterprises, and government bonds. Using money politics to ensure, goods produced in China can be exported, whilst raw material deals are linked with trade.

China is one country that should pull out of the recession quickly, because it is not dependent on one market, and the Government actively deal with any country, that's open to business, irrespective of political idealogy.

3. Laissez-Faire- Capitalist

Common in many Asian Countries, where there is little or no Social assistance programs. The State are really responsible for partly owning essential key National assets, like resources, and some subsidized or state owned industries.

Countries like Indonesia, follow the system where profits from these essential industries are funneled into educational, transport and food programs in the form of subsidies rather than governmental handouts to the poor.

Whilst the informal economy is encouraged, so citizens do not pay tax in this economy but are encouraged to find a way to earn a living, whilst transport, oil, cooking gas, and some essential foods are subsidized to guarantee they remain affordable.

This laissez- faire policy towards most of the nations citizens, allows free enterprise inside the nation, but also means people are responsible for themselves, rather than the government.

This system partially works in countries with a high low income population, and is similar to the economic modal of Europe and the USA, in the early 20th Century.

This system runs well, as long as the State adjust to global conditions, and its citizens are mainly earning enough to not demand change. Politics are based on prices of these subsidizes, and "moral" issues rather than ideaology

Bank Bailouts, is it sending the right Message?

When a small business closes, the Owners are often liable for the debts, but in the current economic crisis, the liability of large Banks has been passed onto the taxpayer. Is this sending the right message to future business communities?

Banking Corporations. Small and medium sized business owners must feel bemused. After all the risks of business failure, often means bankruptcy, and the personal liability of the debts.

In the case of Banking Corporations, they were awarded with a bailout, and in some cases were nationalized. In many cases, the existing pre-crisis management structure remains in place with only 10% of Executives leaving, after the financial crisis.

Many people on Main street wonder, if the ethics and unwritten rules of a free economy, only apply to small and medium-sized businesses, as larger Corporations seem to be rewarded for their obviously financial in competency, and mismanagement.

If a Bank cannot sensibly make a profit, then it is pretty obvious the people who ran these institutions, are either incompetent, or just plain dumb.

Lets face it, how can a large International Banking corporation, lose billions and become bankrupt, when it uses other peoples savings?

And why, have these inept, and incompetent Executives still have their jobs, never mind not being made liable for the biggest banking debts in the last 100 years?

Is it reasonable to expect double standards in a free market, where the bigger you are; the less responsibility and liability you have?

The message to most people, is that the bigger you are, the more immunity you have, and the responsibility will always be passed back to the taxpayer.

This is a dangerous message that only discredits the principles of modern economics that main street live by, whilst larger Corporations have a differing set of rules that give them an unfair advantage over Main Street.

One message that is loud and clear in the aftermath of the post-October 2008 crash is personal responsibility, discredited financial institutions also should accept these principles, and face the liability of their mistakes and mismanagement. Otherwise Mainstream will turn its back on big business, and the affect could be disastrous for the future.

Could Protectionism Create Free Trade Between Russia and China?

Resource rich Russia, and Industrialized China may be shut out by Europe and the USA, as both will need to stimulate employment growth at home. Leading to unemployment and social problems in two of the worlds rising powers. Could this lead to a historic Russian and Chinese pact?

As Europe and the USA struggle with the burst credit bubble, and reinvent capitalism to save their faltering economies. Two anxious giants look on, Russia and China. One a new Industrial power, another a resource rich and military power.

Both are hit hard by the crisis, with Russia losing billions because of the fall in Oil and Gas prices. Whilst China is losing billions in factory orders from the now broke USA, and Europe, and many people in the insolvent Western World, have no sympathy for both Countries, wanting their lost jobs and economies back.

President Obama, already has an uneasy relationship with China, and it could turn China to look for strategic allies in a trade war, were national interests become more important than International trade.

One natural ally is Russia, being neighbors and former "ideological foes." China needs resources, whilst Russia needs to sell those resources. China needs new markets to sell its goods and Russians could easily switch to cheaper Chinese made goods.

Switching strategic parties is one way, allows a resurgent Russia can punish resource poor Europe, whilst making an historic trade deal with China can ensure both countries are still economically strong, and match Europe and the USA.

One inevitable consequence of ignoring or blaming Russia and China, could be a trade pact leading to a Military, and security pact. This pact would strengthen both Countries, and overshadow the urgent need to fix the global economic system.

Leading to a superpower alliance that not only matches the USA in strength, but in many ways could take away its strategic interests, and leave the European Union in a quandary.

Thus creating a third defacto Superpower, that could test a weakened Europe, and the USA, and change the global power base, forever.

Are Governments "Buying" Their way out of the Recession?

We all know, or have seen examples where printing money to create a money supply did not work. But in these new economic times, can the conventional wisdom of printing money be proved wrong?

What is the real value of money? Most people say, belief in the value of it. Once that belief is questioned or doubted, then the value of the money is simply considered of lesser value, and loses its value.

The history of economics, has seen many examples of where the printing of money failed, because nothing backed its value. In the early to mid 1920s, the German mark became worthless, until a ten billion mark note was replaced by the *rentenmark*, a real lesson in when not to print money.

Currently in Zimbabwe, the Zimbabwe dollars value decreased from 30.000 to the USDollar to 600.000 in a few short months. Now there is a One hundred trillion Zimbabwe Dollar Note! With inflation running at 237.000% plus, conventional economic wisdom does favor the argument that printing money is very wrong.

But is it? Currently, the USA, UK and the European Union have a credit crisis, and are either bailing out or nationalizing banks. Extreme measures, in extreme times, and if that is not enough, there has to be a cash infusion through these almost broke banks, that is going to be passed onto the consumer.

Bear in mind, we are not talking about Zimbabwe here, but the developed and richest economies in in the World. And its the Politicians, Bankers and Economists who are backing these plans.

So, where are these huge amounts of cash coming from? the IMF? or Government Reserves? No, mostly from printing new money backed by government bonds on the "promise" of stabilizing and then even kick starting the economy.

If this works, then Governments have created money, fixed at an acceptable value that has saved the economy, and bought us out of a depression!

Eight Projected Economic Trends of 2009

The year 2009 is a transition year for many of us, a year of transition from a "bubble" economy, to creating a more stable, and sustainable economy. What will the Seven main characteristics of this economy be?

1. Investment through Big Government

Traditional Investment from private institutions has mainly ended. The main investor into our economies will be a bigger Government, in the form of loans, grants and boosting recently bailed out or Nationalized Industries.

2. Lower Taxes and Spend Policies

Our previous "bubble economy" has failed. This means Governments need another way to boost the incomes in our pockets, to get us to spend. Lower direct income taxes, tax breaks and even tax holidays will be the new way to release any spare cash in our pockets to enable us to spend.

3. Lower priced Consumer Goods

Exporters will lower prices for their products, and deliberately cut profit margins in order to encourage the sale of these products. They could work on the philosophy any business is better than no business, therefore offering products at a much cheaper price. Flooding markets open to these products, whilst offering more basic models of previous products at lower prices.

4. Cost Cutting

In order to restructure businesses that are currently being over-stretched, Governments and businesses will cut costs. Either by cutting back on staff, and salaries, selling toxic assets at a bargain or closing sectors of their Companies.

5. Unemployment

The "bubble economy" has ended, and restructuring has began. This will lead to huge rises in unemployment in from traditional manufacturing, banking and financial service companies, service companies and some commodity based industries.

6. Deflation

Lower prices, less money and more unemployment will cause deflation. Those with work, and cash will benefit. Others with debts will find themselves owing more than their assets are worth. Cars, Electronics and Property prices should drop, whilst the Hospitality Industry will offer bargain vacations.

7. Scientific Development

Technology and Scientific research should benefit from this new economy. The benefits will particularly be felt by "Green" energy Companies that should get funding from the Government. Other technologies could grow, like low cost space research, and biotechnology.

8. Lawsuits

Too much money has been lost, too many people have felt they have been deceived. Governments traditionally have been reluctant to prosecute financial criminals. Private lawsuits, could boom, as our Governments react too slowly to investigating financial fraud and deception.

Some of these trends are negative, but as our old economy turns into a new sustainable economy, the negative effects of the collapse of the old will naturally decline. Leading to a very new, and diverse Global economy, that was born out of the ruins of the old.

Changing Economies

Could Bailouts and Nationalizations, naturally Create Protectionism?

To supporters of a "free market," protectionism is a dirty word that brings back memories of the old world before Globalization. But with Governments in the Western World, Nationalizing or bailing out key industries, it is obvious they cannot survive without some form of Market protection.

Without some form of protection, these industries will fail because competitors will either cut prices, and have already proved their products are better than any products made by nationalized Industries, solely because they are still surviving.

To justify these bailouts, and save the precious jobs in many of these industries, governments will have to give some kind of incentive to consumers to buy from these industries. If it's a price incentive, then competitors who import into the country, could face restrictions.

Governments themselves may stop purchasing products made overseas, and buy them from the newly Nationalized State industries. This is a form of indirect protectionism, which even before the markets crashed key private Industries in most Countries depended on.

One example is the German government that in public was against protectionism, but only bought German made Cars and products. The Japanese government always preferred to buy products from their own Industries, rather than from overseas Companies.

China to some degree has always protected the Countries key industries, so has the European Union in a form of grants and subsidizes, mainly awarded to now insolvent Corporations within Europe. So in essence, it is a fallacy for many Countries to complain against Governments, purchasing their own national products.

Buying National products could be perceived as Nationalistic, although consumers have usually bought on price. In the USA, the engine of the global economy, was the consumer credit boom. Most key national industries relocated, and existed only in name in the USA.

This may have been, why the recession has hit the USA so hard, because the credit was spent on overseas imports, as national companies outsourced or even relocated overseas. Only bringing profit to the shareholders, Executives and lower paid work for nationals were these industries were relocated.

One real problem for Countries like the USA, and members of the European Union is that key industries have already been relocated. In some ways they have to start a new industrial base, or even relocate these industries back locally.

To do this, these industries have to be protected, because no American or European Industry can compete in price, or quality with the Newly Industrialized Asian Countries. So in order to create employment and business for locally made products, trade tariffs have to be raised, and imports cut.

Any New Deals our governments justify by using imported products, also will help the global economy, but not the national one. And the support of any New Deal, could depend on whether they provide jobs and business for local Companies.

No one likes to justify protectionism, but if there are nationalized companies, that essentially failed in the free market, and a New Deal that is aimed at rebuilding a National economy. We cannot expect our Governments not to protect these Corporations, simply because they invested billions of dollars into them.

Legalizing the "Immoral"

Morals depend on the individual, but deeply Conservative Countries that are hurt during the current economic crisis, may find, that the cost of high "morals" may be sacrificed to kick start ailing economies.

Empty pockets, declining tax revenues and high unemployment leave a vicious economic cycle of decline, leaving Governments to search for new ways of gaining precious Tax-based revenues.

FDR Roosevelt legalized alcohol after a decade of popular prohibition. This single act, boosted Government revenues, and started a mini-boom in Liqueur Stores, as Americans started to legally drink away depression blues.

A lot has changed since then, our morals and perceptions have changed to what is "illegal" and what is "immoral." The problem is most previously "immoral" things, are already legal in many Countries, with perhaps the exception of "Drugs," "Gambling," and "Prostitution."

Gambling is legal in many Countries, and in many US states. If it became legal in all US States, then the novelty of gambling could wear off, and like in Europe, casinos are part of the landscape but rarely full. However State and National Governments still have a steady supply of extra income.

Drugs are a different issue, some countries like the UK have "decriminalized" the use of soft drugs, but failed to take the next step of legalization. Now after spending Billions on bailouts and stimulus packages, the Government may be tempted to move ahead and legalize the use of some "soft" drugs.

Legal Prostitution is common on mainland Europe, and an old issue few people bother to discuss. Morally in the United States, legalizing Prostitution could face some resistance, but as Europeans learnt, the income from the oldest profession could compensate for the loss of revenue, if it remained illegal.

Some Countries like the Netherlands really do not have much else to legalize; soft drugs, prostitution and gambling is already legalized. Whilst incomes from this will decline, if neighboring Countries chose the same path.

Every Country has differing morals, and in hard times morals are tested when immediate needs like money become priority. If America all turned like a legal Los Vegas with drugs, gambling, and prostitution completely legal. It would still not solve the economic crisis, as the Netherlands has experienced, but the income it produces could build schools, fix roads and create much needed employment.

The case for legalizing what many consider "immoral," could depend on the success of current attempts to kick start economies again. But if we do all go into a long, deep depression, the lessons learnt by FDR Roosevelt in the last great depression, by legalizing alcohol, may be too tempting for Governments to ignore.

Eight ways our Governments can raise Stimulus Capital

2009 is the year of the Stimulus packages, were governments are spending trillions of dollars on kick starting our failed economies. How do these Governments raise capital to finance these stimulus packages?

1. Government Bonds

Governments issue bonds in return for cash on the promise of a return based on an annual fixed interest rate. Bonds are guaranteed by the Government, and sold on the open market to Governments, Trade partners and private individuals. In the case of the USA, China alone has purchased One Trillion Dollars of Bonds.

2. An IMF Loan

The IMF traditionally issues loans to Countries in economic trouble. Soft Loans are often granted on strict guidelines, whilst these loans are guaranteed by a mixture of Governments, including the USA. That finance these loans, based on a fixed interest rate, and payment schedule. Iceland already received 2 Billion Dollars in the form of an emergency IMF loan.

3. State Pension Funds

Some Governments have used the savings in state pension funds, and released the capital to finance part of any stimulus plan. This should be returned once the economy has recovered,

4. Raising Income Taxes

No known Government has financed any stimulus package by raising income taxes, as lower direct taxes are part of most stimulus packages. However, if any new stimulus packages are needed, this could be one way to obtain the capital.

5. Selling State Assets

Bailouts have meant that most countries are buying into private companies, rather than selling them off. However, these companies are State assets, which in the long term, could be sold to finance any future stimulus packages.

6. Trading Nationally owned Resources

Russia recently made a trade agreement with China to supply Oil, in return for 30 Billion dollars in loans. Trading national assets like Oil, Gas, or valuable Minerals in return for cash, is one direct way of raising stimulus capital.

7. Raising Indirect Taxes

Indirect taxes on luxury items will not hurt the majority of people, when economies are in trouble. No government has chosen this option yet, although it may be the next method of obtaining capital, if new stimulus money is needed.

8. Aid for Trade

Aid in terms of cash in return for promises of Trade, is one sure way some Governments can raise stimulus capital. The downside of this is that by promising Trade, it could shut out competitors to the countries market.

Spending the Trillions of Dollars on Stimulus packages, solely depends on how far governments will go to raise the capital. Many methods are traditional, others innovative, but if more stimulus packages are needed, then Governments may have to be more innovative in the way they raise funds.

Will Outsourcing become more localized?

The economies of China, India and the Philippines were expanding outsourcing centers, before the October 2008 Crash. And many of the Companies that outsourced have been forced to accept Governmental bailouts, or be partially nationalized, or simply go bust.

So, even if these Companies, including several National Banks remain, would the taxpayers that bailed them out, still except the reality that these Companies are still outsourcing jobs?

The profitability of outsourcing meant higher corporate profits, and mini-booms in both India, and China. In the Philippines tens of thousands of jobs were created by National Banks in the western World that outsourced traditional accounting, and call service jobs.

It was a win-win situation, with corporate profits rising based on the credit economies of Europe, and the USA. Economies that shed hundreds of thousands of jobs, that provided a small but stable income to many people in the developing World.

Now it is hard to justify outsourcing, with rising unemployment in the same Countries that outsourced, given the fact the credit bubble burst and these hugely profitable Corporations have made some of the biggest loses in financial history.

So is outsourcing dead? Insolvent Corporations that were saved by taxpayers money, now may have to answer to the taxpayers themselves. And this means, that outsourcing may stop outside the National economies but be relocated inside the boundaries of the Country.

This spells good news for the unemployed in Europe, and the USA but could ruin Mexico, the Philippines and badly affect the Chinese, and Indian economies. Rather like Globalization in reversal, Governments will need to justify the exportation of jobs, when many of their citizens face the unemployment queues.

However, local outsourcing Companies in Europe, and the USA could gain business, were New York and London based Corporations, may still outsource but to poorer, areas of their own Countries that have high unemployment, and lower labor costs.

It could bring back some of the jobs lost during the era of corporate excess, and create some hope to rejuvenating the now stagnant economies of the West. Simply because outsourcing makes economic sense, and the only negative reaction towards outsourcing is that the national economies lost jobs.

The Effects of Deflation

Long term recessions lead to depressions, and one effect of a depression is deflation, where prices and costs drop. This is bad news for anyone with assets, mixed news for anyone who will continue to work, and good news for investors with a secure nest egg of cash.

Inflation, and Deflation are dirty words in the World of the economist, high inflation leads to wiping out the value of savings, deflation has the same effect but wipes out fixed assets by devaluing them. In the new post 2008 economy, we expect to experience both.

Deflation for many people who have assets in cash, and a regular income is good news. Companies are forced to lower prices, whilst the cost of assets like a home, land, car, boat or even aircraft decrease, as more people cannot get credit, and afford them.

Another effect of deflation is to lower salaries and wages, which means those with assets, and this regular income will save more, and afford more then before the crisis started. The haves will actually grow "wealthier", whilst those in debt without a high income, will grow materially poorer.

This double edged sword favors those with an income, who do not own toxic or negative assets. People with steady jobs like Government Officials, Police, the Military, Teachers, and people who own debt free businesses, running at a profit. All you need to do is to save, rather than spend, and slowly join this group of people who should be able to invest in the new cheaper homes on the market, and even stocks that will bottom out in price at some stage.

So how do you start benefiting from Deflation?

Make sure you simply save, and go bargain hunting. Life will feel like you can afford that large house, because the price yesterday has dropped to the price of a small affordable house today.

The key is a having a steady income, whilst you save to invest in real assets that will become undervalued, considering experts admit property has been overvalued by as much as 40- 80% in some countries like the UK, Spain and the USA.

Turning your savings into cheap tangible assets, that either generates an income or provides you with a buffer against poverty. Is the key to thriving in the new economic climate

Could Charity begin at Home?

One disturbing trend of the new Economy, could be the decrease in funding for International Charities and Organizations. Cash strapped Governments and citizens coping with the human fallout of the economic crisis, may decide Charity does begin at home.

When American Food Banks cannot supply enough hungry families and queues are getting longer and more unnoticeable at German Soup Kitchens. A Third World problem of hunger, is hitting the former developed World.

This prospect of third World problems on the streets, and in the suburbs of once affluent developed Countries, who were at the forefront of International Aid to poorer Countries, could lead to sharp cuts in International relief donations, that often were the difference between a family surviving or joining the disaster statistics.

Charity may begin at home, leading to a reinvention of how we distribute and allocate food and disaster relief in the future. This could lead to the localization of aid distribution, with the emphasis on wealthier citizens in countries touched by disaster, being responsible to those hit by disaster, rather than the outside World.

In some ways this may not be a bad thing, but it could also be a danger to global security. Poverty, and hunger leads to the movement of people, and usually people move to more affluent Neighbors. And many of these neighbors, particularly newly impoverished Countries like the USA, and some European States, could be forced to develop a "Zero tolerance" policy towards these people.

It is fair that if someone living close to you is in need, and the state cannot afford to provide any help, then it is up to the community to provide some form of assistance. This has always been the way, in the developing World, but now this paradox is slowly hitting the streets of Washington, London and Berlin.

How we deal with this dilemma of justifying Aid, and disaster relief may determine the future of International relations, and even trade. Something few people consider when their own citizens queue up at a food bank, or hungrily wait for free soup in streets that are in our own communities.

Seven Secure Recession proof Jobs

Finding a job may be getting difficult, but there are some jobs that beat the recession. Some may not be glamorous, highly paid jobs but with expected deflation coming, you are earning more in real terms, and much better off than those who are unemployed. What are the Seven most recession proof jobs?.

1. Civil Law Lawyers

When the going gets tough, people sue. In Countries in deep recession, one way to get a free flow of cash legally, is simply to sue a person or a company. And with so many Corporations and Banks in trouble, you can bet shareholders and investors, are now heading for their Lawyers Office.

2. Accountants and Accounting Staff

Not a very glamorous profession, but one which is protected from any recession. As many people in the workforce will become independent or self-employed, in some Countries they have to hire an Accountant by law. This should bring in a boom for accounting firms, in the coming years.

3. Nursing Staff

In the Western world, the population is getting older and there is always a demand for nurses. The hours may be long, the pay low compared to other professions but job security is guaranteed, and even job mobility in the global economy.

4. Law Enforcement

Less money in people's pockets, and few options is one reason official crime will increase these next few years. Alongside investigations into Corporate crime that are starting after the Market Crash. Governments could be forced into hiring more police officers, in order to combat a future crime wave.

5. Solar Energy Engineers

Solar Energy is bound to benefit from the new Green Revolution. And the Industry needs specialists to work in this booming Industry. Some Governments could make laws that make it compulsory for householders to use solar energy leading to an industry that will need skilled workers.

6. Education

Unemployed people need retraining for jobs in the new economy, Children still go to school. Educators and Trainers are needed, even for some Teachers, the pay was low compared to other professions, and there is an acute shortage of Teachers in many Countries.

7. Security Staff

Low paid, long and unsocial hours but properties need protecting, and we need Security personnel to do it.

Some of these jobs are low paid steady jobs, that may bring an Income but not much in terms of a Career, others are part of the change towards the New Economy. Careers that will change, but can create a stepping stone into the future.

The Dangers of Stagflation

Many Economists fear that the effects of mass bailouts, and stimulus packages could lead to "Stagflation." What are the real effects of stagflation?.

Stagflation is an economic condition, where we have high unemployment, and high inflation. Simply meaning, prices rise rapidly, whilst earnings remain flat.

An economy that suffers stagflation is essentially going nowhere, whilst earnings are eaten away by inflation. This may occur in some countries, with a weak currency dependent on importing essential goods, eg. Food, and further borrowing eats away the value of their currency.

Living costs rise, and the majority of the population end up becoming poorer as inflation eats up their spending power. The main danger of stagflation is that the economy has bottomed out, but is going nowhere. Inflation kicks in, and like a terminally ill patient who is slowly dying, their condition worsens in degrees.

Compared to economic conditions in late 2008, many Economists may agree that stagflation is a sign the economy has stopped falling. But after trillions of dollars have been spent on a "stimulus" package, leading to stagflation. New stimulus packages may have to be created, to avoid years of decline, and impoverishment of more citizens.

Most traditional economic methods have been used to kick start the economy again. And we may have to start creating New Economic solutions, because previous tried and tested economic solutions have failed.

How the US was able to get out a cycle of Stagflation in the 1970's was simply by implementing "Voodoo" Economics during the Reagan years. Reducing Tax rates, and cutting down on Government spending.

This time around, it may not work. Most Governments have already lowered interest rates to all time lows, cut taxes and are cutting government spending, except on projects relating to any "New Deals."

Governments particularly the US Government have borrowed heavily on bond sales and currently have the third highest debt- GDP ratio, leaving less scope for borrowing than before February 2009.

If Economists are right, then the economic slide has been slowed down, and our Governments may have to come up with alternative ways to find trillions of dollars more, to really stimulate the economy.

Eight Forms of Indirect Taxation that could be implemented in the Future.

Bailouts, Nationalizations, aid programs for Homeowners all cost money. And most of our governments do not have this money, So how will our governments tax us in the future?.

Most current governments are trying to install confidence back into the economy, whilst promising tax cuts, and tax relief for businesses. The problem is that many of these Governments simply do not have the income coming in to grant this relief, and may be forced to tax us indirectly to make up this shortfall.

Governments have been always inventive, when it comes to indirect Taxes, in many cases ensuring we pay indirect taxes, but do not even notice. This inventiveness could lead to some unusual forms of taxation, in the future.

1. Higher Import Tariffs

Certain goods from overseas may be subjected to higher tariffs, particularly products that compete with any recently nationalized industries. In the case of the US, it could be cars and steel, if the big three automakers need nationalizing. Governments could even place higher tariffs on luxury Cars, and lower tariffs on imported cars using Green energies.

2. Luxury Goods

If recessionist consumer thinking is hip at the moment, consumers who still want to purchase luxury goods, may find that they are subjected to higher indirect taxation. Governments may state that if anyone can afford these products, they will not mind paying extra Sales Taxes to purchase these products.

3. Mileage Taxes

To discourage people from using their own cars, and switch over to public transportation, and newer greener forms of transportation. A new "Mileage" Tax, could be placed on car owners. This could encourage Car Owners from switching over to more "Greener" cars, and lessen the dependence on importing oil.

4. Alcohol and Cigarettes

Traditionally when Governments need money, they tax alcohol and tobacco. This could mean higher priced Alcoholic drinks, and Cigarettes, which most of us already accept.

5. Travel Tax

If Overseas Travel starts to be considered a luxury, then our Governments may impose some form of Travel Tax. The British Government recently talked about creating a Travel database on its Citizens, which usually leads to some form of taxation linked to that database.

6. Energy Consumption Taxes

Switching to greener energy, costs money and will need incentives for some homeowners to cut back on their energy use. An energy "cap" could be imposed on households, depending on the size of their home, and the amount of people who reside in that home. Once a household exceeded their energy allowance, they may be charged an additional tax, on the extra amount they consumed.

7. Legalizing Drugs and Prostitution

By legalizing some drug use, and Prostitution, Governments could earn taxes. In a depression, there could be a rise in prostitution, whilst drug use in some communities is accepted as the norm, in many Countries. The income from this, could very well fund any New Deal.

8. Toll Roads

Any New Deal that includes rebuilding roads, could be paid for by implementing a "toll" for using that road. This is not a new idea, and is common in Europe, but it could coincide with any national energy saving policy, by imposing higher tolls for cars that do not use greener energy.

Cash strapped Governments often have used taxation as a form of Social Engineering, encouraging or discouraging consumer habits by either awarding tax breaks or taxing these activities.

Can Smaller Businesses Rebuild Our Economy?

Imagine a game of poker. There are four major players, and twenty very small players. The major players dominate the game, and the other twenty either drop out the game, or are given 'loans' by the big four to stay in the game. The dealer is happy, because either way the game is played, they still get there cut.

One evening, the major players realize that they have nothing left to gamble with. So it leaves the smaller players with nothing to play with, and theirs no more game to play. Whilst the dealer still wants the game to continue, so they find ways to save the major players, with the Commissions they saved. This essentially happened after the market crash in 2008.

No one wants this to happen again, because when giants fall, they cause earthquakes. But when minor players fall, no one really notices, and the game continues. Building a society of small businesses, that essentially take over what the large corporations left. Is essentially one way to cushion the blow of further recessions. It also leads to a self-supporting economy, were even if some players fall, there is no real fallout.

Small to medium enterprises actually pay the bulk of taxes, and in countries like the UK, hire over 54% of the workforce. Many are family businesses that support whole families. They have always been at the forefront of innovation, because they were more subjected to market conditions then larger players.

The new economy, could encourage the growth of these enterprises and at the same time the government could outsource some of their work to these industries. Tax credits and grants for innovative new products and ideas would encourage unemployed, and people dependent on the state to start up. If people do not earn enough, because of tax reasons, then they could be excluded from taxes.

Niche products the larger corporations were not bothered with promoting, could very easily create new markets, and room for economic growth. Opening up formerly restricted areas of business, by allowing people to freelance, create and do business without being taxed, may create millions of jobs, without the previous expense of subsidizing big business in the past.

There are still opportunities out there, State run enterprises, and private Corporations find unprofitable, but smaller enterprises could flourish and make profits from. Small can be beautiful, especially when many of our Corporate giants failed to adjust to the market, and fell leaving the economic mess we face today.

Reinventing Capitalism

The fast moving juggernaut of globalization, and of expanding free Market capitalism ended during October 2008. And the emergency actions by Western Governments, has illustrated a need to reinvent Capitalism, because the old system did not work. What economic models are current Governments looking at?

Old ideas for a new crisis probably describes the current psyche of our Economic leaders around the World, who have searched frantically to save a system that in reality created insolvent economies in both the USA, and Europe. So what models are these pre- October 2008 Leaders looking at, and will they succeed?.

Keynesian Economics is the order of the day in most Countries that face bankruptcy, and political change. The old system did not work, and during these first months of economic re- adjustments, the idea of Nationalizing insolvent Corporations, and creating public works projects has become popular again. An idea that "saved" democracies in the 1930's during the great depression.

But did Keynesian economics save Democracies in the 1930's?.

It helped create employment, but even in the United States, after six years of the "New Deal," there was still officially over 15% of Americans collecting welfare. Only when the Second World War started did America become prosperous again.

During the 1930's, Fascism and Communism were the most successful economies, but both were flawed. Fascism depended on rebuilding the military, and taking the assets of the wealthy "Non- Germans and anti-fascists." It was based on wealth redistribution, a war economy, on cheap slave labor, and trade protectionism.

Communism, was based on the state owning everything, and turning an agricultural nation into an industrial nation. Although ordinary Russians did prosper, millions of Russians were punished for "political" and "economic" crimes, and were an unpaid labor force, cutting the economic costs of industrialization. Communist Russia, was in part a slave labor state, like Fascist Germany was.

Current Governments actually have no real economic models to look back on, and few economists and Political Leaders have any experience in dealing with an economic crisis on this scale. Our bankers are discredited, as they lead a banking system that was based on "bubble' economics, and still remain in charge of many of our nationalized banks.

We cannot go back to the developing World of cheap labor, producing for the cash poor but credit wealthy European, because that system collapsed in October 2008. So there is a need for our Governments, and economists to create a system, not based on saving private assets, but creating wealth in a sustainable way for this Century.

Perhaps the solution is to recognize this need, then work towards creating a new Society, instead of reinventing the old. A society that lives within its means, creates both sustainable employment, and wealth. Whilst the Governments, Economist, and Bankers of old, are replaced by new more able people who can find a better solution to the boom, and bust cycle of capitalism that exists today.

This is feasible, but has to be done in a way that focuses on a sustainable future for everyone, and reassessing the priorities and needs of people, ensuring as much fairness, as possible, whilst rebuilding a system that is in a dire need of reinventing itself.

What we need now are new ideas, new economic models, and even new leaders that inspire and can guide us through these changes, and then we can ride the storm of this crisis, and truly create a more sustainable, and better World for all.

Leadership

Leadership Change after the crash of 2008

The Current economic crisis should bring a new change in Leaders around the World, which has already started in the USA, with the election of President Obama. These leaders will need the strong support of the people, who are now bemused with the behavior of the past business, and political leaders.

Leaders can only do so much, but one thing they can do is to inspire and motivate others around them. That is the main reason Barack Obama, became President of a broke United States. And other Countries worse affected by the crisis, are already seeing a shift towards leaders who talk about responsibility, and change.

Inspiring change in a climate of reinventing capitalism, the global economy and an era were we are feeling the effects of global warming, is a tough task. The economic system we had, has in reality collapsed, because it created unsustainable debt, and was based upon unsound economic principles.

Those who inherit what remains, are looking for quick fixes and a way to turn around the results of these excesses. Our new generation of Leaders are going to be under great pressure, and expectations will be high. With massive bailouts, and many economists still unable to figure out, how to correct the collapse of the old system, many of these new leaders will be dealing with an impossible situation; high expectations, and no real solutions.

One major obstacle to change will be the need to change a credit based economy, into a sustainable economy. This means less credit, and the GDP of Countries not measured in the boom and bust cycles values of the stock market, but on the real wealth of the nation. Property prices cannot rise 60% over several years, when real earnings only rise 15%, just because people are allowed to borrow beyond there means.

This will take time, and the system we have now needs repairs before a sustainable recovery takes place. Repairing a damaged economy, whilst developing a new system is the first step any new Leader faces, and during this period, change could mean hardship, unemployment, and a shift in our very own value system.

Perhaps new Leaders like President Obama, can inspire and motivate us to accept this economic reality. But they could fail, because unless we ourselves accept that our own habits and attitudes may have contributed to some degree to the problems of a failed economy. Then we could blame the messengers, that only inherited the problems created by our old leaders, and in part ourselves.

Seven Behavior Styles of Leaders

Organizations are often judged and influenced by the person who is the Leader, which often determines the way the Organization develops. Here are the Seven general traits of most Leaders:

1. Risk Taking Propensity

People, even those in the same position in the same organization, differ markedly in their risk-taking propensity. Some are risk averse. They like to "play it safe," choosing alternatives that are likely to give a relatively low but certain return.

Others, called risk seekers, like to gamble. They prefer alternatives which may turn out very well or very poorly to those with little variance in outcomes. Risk takers tend to make fast decisions based on relatively little information. Leaders with different levels of risk-taking propensity will make very different decisions in the same situation.

2. Authoritarian

Authoritarian individuals believe that power and status should be clearly defined and that there should be a hierarchy of authority. They feel that authority should be concentrated in the hands of a few leaders and that this authority should be obeyed.

As leaders, authoritarians expect unquestioning obedience to commands; as subordinates, they willingly give it. If a leader is authoritarian and his or her subordinate is not, frustration or conflict may result.

3. Dogmatism

Dogmatic individuals are closed-minded. They have rigid belief systems and doggedly stick to their opinions, refusing to revise them even in the face of conflicting evidence. Dogmatics make decisions quickly based on relatively little information and are confident in those decisions.

Dogmatics like to follow the rules and are unlikely to consider novel alternatives. They may perform acceptably in well-defined, routine situations, especially if there are time constraints. In other situations, especially those demanding creativity, they do poorly.

4. Locus of Control

Locus of control refers to the degree to which individuals feel that the things which happen to them are the result of their own actions. Those who feel that such things are within their own control have an internal locus of control. Those who see their lives as being controlled by fate, circumstance, or chance have an external locus of control. Externals are unlikely to believe that they can do better if they try harder or that the rewards and punishments they receive depend upon how well they do. For each of these reasons, internals may be more highly motivated than externals.

5. Tolerance for Ambiguity

Leaders with a high tolerance for ambiguity welcome uncertainty and change. Those with low tolerance for ambiguity find such situations threatening and uncomfortable. Since Leaders are increasingly facing dynamic, unstructured situations, tolerance for ambiguity is clearly an important characteristic.

6. Machiavellianism

Individuals with Machiavellian personalities feel that any behavior is acceptable if it achieves their goals. Machiavellians try to manipulate others. They are unemotional and detached. They "look out for Number One" and aren't likely to be good team players.

7. Self-monitors

Self-monitoring is the extent to which people emulate the behavior of others. 30 High self-monitors pay close attention to the behaviors of others and try to model their behaviors after those of the individuals observed.

For instance, a subordinate may watch how a co-worker behaves when dealing with the boss and then try to emulate that behavior when next interacting with the boss. Low self-monitors react to situations without looking to others for behavioral cues.

Leadership styles are not absolute; some of our Leaders tend to have several behavior styles. Recognizing differing Leadership styles helps us cut through the rhetoric, and see inside the personality of a Leader, and whether that personality can assist us in these times of great change.

The Three main Stages of the Leadership Cycle

Historically in times of crisis, people have preferred Leaders who are more autocratic, structuring leaders in times of war or other national emergencies. What are the three main stages that determine the type of Leadership people expect in this cycle?

1. Pressure

When the situation involves stress, time pressures, task demands, and physical danger, subordinates view leader initiating structure more favorably than in calm, secure situations. This breeds "stronger" more authoritarian Leaders, who need to get things done.

2. Task-related satisfaction

When situations are not intrinsically satisfying, leader initiating structure may increase performance, but it leads to resentment and dissatisfaction. If subordinates don't like the job or situation, they see little to gain from being told how to do it. Also, when the task is not intrinsically satisfying, leader consideration becomes more important.

A friendly, supportive boss or leader may not be very important if you really enjoy your work, but a hit of warmth and comforting helps ease the pain of an unsatisfying job or situation. This creates more mild-mannered, and Leaders that listen more.

3. A need for Information

When subordinates and people lack knowledge about the task or situation, perhaps because they are new on the job or because the situation is very ambiguous and new, they like initiating structure. A Leader becomes a creator, innovator and communicator, which creates energetic, thoughtful and creative leaders who emphasize on creating an understanding of the tasks ahead.

When we look at an Organizations, or Countries history, the choice of Leaders often determines the situation people or Company stakeholders feel they face.

People expect major change during extreme times. Whilst steady change encourages more mainstream Leaders who are less outspoken, and more willing to make few changes.

Determining these main stages in the Leadership Cycle, often allows you to determine what type of Leaders will be needed by your Organization, or Country in the near future.

Recognizing a Transformational Leadership

The role of our traditional Leaders has suddenly changed, and we expect Leaders who can somehow get us through this current crisis, many people are looking for Transformational Leadership. How do we recognize a transformational Leader?

In the late 1990's our Leaders were not really in the public eye, as long as the economy was doing well, and we felt safe. Then we would elect and accept Leaders that kept the boat moving in the right direction.

Now we have reached that direction, and face the worse economic crisis for over 80 years, we are looking to our Leaders to do more, than the typical Leader we elected only ten years ago. We are looking for transformational Leaders for our businesses, Governments and our NGO's.

1. Recognize what we must take to achieve outcomes.
2. Clarify these roles and make requirements.
3. Recognize our needs and clarify how they will be satisfied if necessary efforts are made.

A transformational Leadership is an exchange process. It involves a transaction in which our needs are promised, if our performance measures up to our contracts with our leader.

Transformational leaders motivate followers to do more than they expected accomplishing this by:

4. Raising levels of consciousness about the importance and value of designated outcomes and ways of reaching those outcomes
5. Encouraging us to transcend self-interests for the sake of all of us

Most transformational Leaders usually are:

6. Charismatic: Leaders who arouse enthusiasm, faith, loyalty, and pride and trust in themselves and their aims.

7. Individualized consideration: Leaders maintain a developmental and individualistic orientation towards us.

8. Intellectual stimulation: Leaders enhanced by problem-solving abilities.

Fidel Castro, Hugo Chavez, Winston Churchill, John F Kennedy, Ghandii, Franklin D Roosevelt, Nasser, Nelson Mandela, Ronald Reagan, Sukarno, and now Barack Obama are considered transformational Leaders of change. History has treated them differently, some are now considered Great Leaders others were treated badly by history. Most still remain National Heroes, even if their legacy is flawed.

A transformational Leader, mirrors the expectations and raises the imagination of a nation. Often they have an acute sense of history, and are part of the Nations image.

However often they are Leaders of the moment, and often if they stay beyond the natural cycle of Leadership, their legacy becomes flawed, and even questionable. These include lesser transformational Leaders like Boris Yeltsin, Lech Walesa, Cory Aquino, who originally inspired change but could not create enough change, and lost their appeal.

Three Successful Modern Transitional Leaders

When a country changes overnight, the Countries transition depends on a successful Leadership. Failure during this period, often can affect the long term future of the Country. So who are three successful Modern transitional Leaders?

1. BJ Habibie Indonesia (1998 –1999)

In March 1999, BJ Habibie the former Vice- President of Indonesia took over a Country, that was torn by riots, a badly devalued currency and was threatening to descend into regional and ethnic conflict. He was Indonesia's Third President.

BJ Habibie when he left power in October 1999, left a country with a stable currency, less ethnic conflict, and dissolved the last Parliament that was dominated by supporters of the previous Authoritarian President for 32 years.

Indonesia had a democratically elected Parliament, and was on the road to becoming East Asia's largest Democracy. A technocrat that inherited an almost disintegrating nation, that within a year was slowly on the road to recovery.

2. Frederik Willem de Klerk South Africa (1989 – 1994)

South Africa's last National Party Leader, who took over a nation torn by the policies of apartheid. FW De Klerk radically changed the country, and paved South Africa's transformation into a multi- party democracy.

The success of his transitional Leadership, ensured South Africa changed, and embraced Democracy, whilst Nelson Mandela became the modal of a successful post- authoritarian Leader. FW de Klerk was awarded the Nobel peace prize in 1993.

3. Hua Guofeng China (1976- 1980)

When Chairman Mao died, Hua Guofeng became the second Premier of the Peoples republic of China. Within a few days he had ordered the end of the Cultural Revolution, jailed the Gang of four and later opened up china for business with the West.

Known as the "Wise Leader," who in 1978 agreed to reforming China economically in 1978. He was ousted as Leader in 1980 for "Political errors," as Deng Xiaoping became the new Premier of China.

When Hua Guofeng died during the 2008 Beijing Olympics, there was little media attention. But under his leadership, China changed and that change led to the transformation of a radicalized nation to one of the Worlds largest economic superpowers.

Transitional Leaders often are followed by Leaders who overshadow them, and are often blamed because they are often reforming through the old discredited regime. However, they led and implemented great change that shaped better, and more economically strong Countries.

They are thankless Leaders, who implement change during dark times, and are often forgotten and despised symbols of the old regime, as the changes they implement lead to newer popular Leaders.

The Main Phases of Leadership Emergence

Uncertain times often bring out new unique opportunities for new Leaders who are people who often never have the same opportunity in more stable times. Is there a pattern to the emergence of these new Leaders?

Leadership emerges in three phases. First, those who are unsuitable are eliminated. Then one potential leader is selected. Finally, there is a probationary period during which the leader must continue to demonstrate her skills.

Some researchers view the emergence of leadership as a solution to two problems that groups experience:

(1) What functions have to be performed by the group to accomplish the task

(2) What member of the group is best able to perform these functions and guide the group in performing them. According to this view, differences in member status are the basis for attributing leadership potential in the early stages of group interaction.

During this phase, group members perform a variety of task-related functions, including defining the task, suggesting solutions, and recommending procedures to follow. By virtue of how they participate in this process, various members announce their candidacy for leader (this need not be explicit). The acts themselves help define the nature of leadership for this particular group.

If one member consistently initiates and guides the group activity and controls the behaviors of others, that candidate will pass the "candidacy threshold" into the second stage of leadership emergence.

In some groups, one member takes charge early and continues over the long haul to suggest procedures, define problems, or just control. In other cases, two people may pass the candidacy threshold about the same time, thus creating conflict.

One of the two candidates may exert herself more, recruit followers, or have a particularly attractive way of accomplishing the task, thus surpassing the other and emerging as leader. Or the two candidates may be neck and neck, causing a search for a third candidate acceptable to each of the other two and to the membership at large.

The third stage begins after one member has passed the candidacy threshold. At that point the group has adopted someone who continues to earn points as a leader and to consolidate their leadership position.

The economic turmoil in 2008 should result in a polarization of ideas and a leadership vacuum in many countries. The processes through which leaders emerge should resemble the leadership emergence process.

Key influences on our Perceptions of Leadership

Each of us lives in our own world. It is a world created by our attempts to sift through, to organize, and to interpret the tremendous number of things we see, hear, feel, and otherwise constantly sense. Managing this is difficult, particularly inside larger multi-cultural Organizations. So what are the different perceptions we deal with everyday?

1. Generational Perceptions

Each Generation differs in its perceptions about life, and needs. This difference is because, every generation has been raised in a changing environment, and will naturally see, hear, feel and sense things differently.

2. Cultural Perceptions

We may often enjoy the same things, but we are all culturally different. This may come from our Parents influence, where we were raised, and how our traditional cultures can influence our perceptions.

3. Moral Perceptions

Each culture has differing Morals, and the influence of these "morals," affect our everyday perception to life. These perceptions may be hard to interpret, and are not confined to certain groups, within our own societies.

4. Material Perceptions

One of the more modern perceptions we have, is our ability to judge upon what we own, or feel we should own, and what others own. This is our material perception.

5. Image Perceptions

Some people are more 'image conscious', than others. Again a Modern concept, were our perception of a person, a place, or even a Country is created through, our perception of the place.

6. Peer Perceptions

From a very early age, our peers strongly influence our basic perceptions. This can change, as peer perceptions often lessen as we mature, and grow older.

7. Media Perceptions

A more 21st Century perception, that has grown with Globalization. Where we could be in differing continents, but still view the same media. The common perception of the Global media, often can lead to misconceptions depending on our belief systems.

8. Family Perceptions

How our immediate or extended family perceive things is often a major influence on our life. This creates a 'family' influenced perception on life, although more rebellious family members may opt out for the opposing perception of their family.

Naturally, no one person, or organization has one type of perception alone. We are a mixture of differing degrees of perceptions that regularly change through the cycle of life.

Leaders need to keep in tune with the perceptions of the people they deal with, because interpreting the perceptions of someone could lead to communication failures.

Surviving the Change

When to Recognize Our Economies Are Recovering

Even after a series of bailout plans, and new stimulus plans by our Governments, most economists and business gurus agree that we have not hit the road to the bottom yet. How do we know when we have started a sustainable economic recovery?.

Our economy is being restructured, after the crash of 2008. This means ruminants of the old economy are going to naturally die out, and then be replaced by the new. This takes time, and until we hit the road to the bottom, we will not see the positive changes of our new Economy.

1. Bankruptcies

Business bankruptcies will reach their peak, and then we will see recovery when these bankruptcies start to decline in numbers, whilst new business start-ups increase in volume.

2. The Banking Industry

Our Banks will settle down to doing business 'as normal.' whether they are State or private Banks. Once banks are being sold again to private buyers, our economies are recovering.

3. Stock Markets

Our Stock Markets will naturally reach the bottom. Some shares will still decline, but once new companies start seeing increases in their share values, our economies are recovering.

4. Unemployment

Official and Hidden unemployment figures reach their peak, and then slowly decline without any State re-adjustment of the way unemployment is measured. Once a real decline in unemployment is proved, then our economy is on the road to recovery.

5. Housing Prices

Housing prices should reach their real market value, according to the real condition of the economy. This could be uneven, as areas harder hit by the economic depression, will have lower house prices, whilst areas recovering should have more stable housing prices.

6. Consumer Confidence

Our Economies are primarily consumer economies, and one of the reasons it collapsed was because consumers borrowed and spent more than they could afford. Once consumers start to shop again, confidence will grow, but if we see wholesale stores and ecommerce websites closing, then we have not reached the end of the old economy.

7. Politics

Our political parties will begin to have more conservative leaders like they did in the boom years. Socially conservative leaders that are there to keep the economy running rather than spend time fixing its problems. If we see the growth of radical politics, then we have not yet reached the bottom.

Recognizing when the economy reaches the bottom could be the difference between thriving again and surviving. Those who seize the opportunities as it hits the bottom could see their wealth grow again, quickly.

Nine Thriving Businesses during the current Economic Transition

Whilst many businesses are either cutting back or closing down, other businesses are expanding during these initial economic changes. This provides opportunities for entrepreneurs with some capital, as property prices are lower, and profits are higher than ever before, for many of these businesses. So what are the new business opportunities of this current crisis?

1. Pawnshops

Traditionally a destination of the desperate, pawnshops are busier than ever before, with many people preferring to pawn their precious possessions than to sell them directly on ebay.

Pawnshops in Europe and the USA, are reporting up to 400% growth in business, since October 2008. And with the price of gold rising, many people are pawning in their gold for cash, as pawnbrokers make instant profits on the gold price.

2. Campsites

Even if there is an economic crisis, vacations are still a need for most people, and whilst the high end and long haul tourist business is suffering, lower end camping holidays are becoming the trend for this year.

Localized Tourism is winning in Countries like the UK, where a weak currency means that holidays are at home, and campsites are reporting huge increases in bookings. In the USA, weekend camping trips could replace the annual holiday, which is good news for anyone willing to invest in cheaper land, and creating a campsite.

3. Social Network Websites

Now that many people have more time, and less to spend in their pockets, social networking websites are reporting large increases in traffic. An entrepreneur who comes up with an idea, to turn this trend into a way to earn an income, could in the future become extremely wealthy, as people look for alternative ways of cheap entertainment.

4. Gold Traders

Confidence in banks and currencies is at an all time low, as many investors are turning to gold as a safe haven. Trading in gold is a short-term winner, until confidence grows again in the economy, and people feel safe that their currencies are not going to be devalued.

5. Security Stores

In many Countries the hottest selling product is a "Safe," as former bank depositors relocate their cash home, rather than leave it in unstable banks. Safes are one of the hottest selling products in Germany, the UK and in many parts of the USA.

All that cash and valuables locked away at home, simply means that owning a "safe" will also need other security devices like cameras, and burglar alarms, as homes could be targeted by thieves knowing more people are keeping cash at home.

6. Repossession Agents

What the Banks and Credit companies lent for, may have to come back as more and more highly exposed debtors cannot pay their monthly payments. Eventually the Reprocession Agent steps in, and with loan defaults increasing, so does the need for an "Agent."

7. Solar Manufacturers

Ford and Citibank may be shedding workers, but thousands of small to medium scale Solar panel manufacturers are hiring. Cheap, self sustainable energy is the future, and any company manufacturing Solar panels is in for a boom period, as others are closing their doors forever.

8. Workshops

If you cannot buy new, then repair shops are the next big thing. Businesses that repair anything from the humble shoe to the Automobile, are reporting huge increases in business, since 2008.

9. Training Centers and Courses

Whether it is online or offline a new generation of unemployed need retraining for the jobs of the future. This spells opportunity, for anyone willing to invest in a training center or course.

Our economies are changing and moving towards a new direction, and training is going to be the key to moving our economies forward, creating futures for those who want to enter the new industries of tomorrow.

The Short-term effects of the "Green Economy"

In the early 18th Century, the Industrial revolution started but few people felt its effects until 20 years later. This time, we have all heard about the "Green economy," although most of us are still waiting to enter it. What is the "Green Economy," and what could be its affects?

Thinking "Green" is not only a trendy way of thinking, but a probable way out of the economic mess our societies face, after the breakdown of our previous economic system. Solely because the "Green" economy, is the only way forward, if the effects of the industrial revolution on our environment, are too be reversed.

One major area of the "Green" Economy is the reinvention of how we use our resources, and how we create a sustainable economy. Simply moving away from our dependence on oil, coal and nuclear energy dependence, without affecting the current way we live now.

This thinking is not feasible, because our existing "Green" technology will never substitute more traditional energies, until we start using it and develop it through our use of these technologies. Simply meaning we have to "change," from a consumer society, to a part consumer society that consumes wisely and not recklessly.

Meaning we have to save energy, whilst implementing new energies until they develop enough to match our expectations, if we still want to live the way we did before the crash of 2008.

Otherwise, we have to travel less distances, consume less, recycle more and ultimately create new industries that provide work for those employed in now obsolete industries before the "Green" Revolution. This includes the automobile, coal, steel and plastics industries.

Solar Energy is the natural successor to replacing most of our traditional energy sources. it is relatively expensive to install, but the benefits are long term, because its free energy. One drawback is that solar energy depends on us cutting back, and saving energy as well, in a society were electrical appliances are common.

Therefore we have to step back in time and either depends on more energy saving products or simply turn off many of the gadgets and appliances in our homes, that make life more convenient. This is a lifestyle change that depends on us using less, and working more leaving perfectly good appliances in our garages or basements.

Already, we have the technology to build hydrogen, or solar powered Cars, yet most of us drive petrol based Cars and our automobile industries depend on selling petrol based Cars. An industry that employs hundreds of thousands of people, that in economies facing high unemployment, somehow need to switch over to using these energies, without adding more unemployed to our faltering economies.

Green "transport" means that we may have to travel less, use more public transport and rethink the way we use our cars. Simply because existing "green" technology, will not match the way we are used to traveling now. But will develop, like the petrol based automobile did, step by step over a period of time.

We need to change our attitude towards the way we use transport, and sacrifice our dependence on the automobile as it is today, before we reap the benefits of this revolution in transport.

There is no doubt that we need to change, and sacrifice in order to make this new "green" revolution work. Just like in the early 18th Century, we changed from farm workers to factory workers, but ultimately this engine of change will bring opportunities, and in the long term benefit us all.

Is Bartering a Way Out For Cash Strapped Communities?

Now we all face the prospect of economic uncertainty, and know that its going to get tough for many of us. Perhaps, its time to look at history, and see what ways our ancestors survived similar crisis's. One ancient and trusted method is bartering.

Bartering has been part of our economic activity, since we first settled, and started to develop on this planet. Until money was invented, bartering was an essential part of trade, and kept communities alive, in times of famine and war.

In recent years, bartering became common in communities where money was hard to come by, or even non existent. In the early to mid-1990's, many Citizens in the former Soviet Union, were paid in cash and goods and it was a common sight in the rural East to see people barter the products they made.

Countries barter products, in the late 1990's Indonesia traded a small aircraft for the equivalent value in rice and Chili's from other Asian countries. New Zealand supplied Iran with fresh lamb, in exchange for oil, based on the international price for both produce. In both cases, this "trade" worked.

In the pre October 15th economy, Banks and Stockbrokers did in reality "trade" stocks and assets, without the use of cash. Bartering or "trading" has been a part of globalized trade and commerce, its just that it has not reached main street, because main street had credit.

Bartering can also solve food problems. If you lack the cash, or the credit to buy food, then perhaps you can trade the goods you do not need for food. Cash strapped communities could form cooperatives, and trade unwanted possessions into food. This basic approach to trade, works as long as it is organized.

Look in your home, in the basement and attics of your home, in the boxes that gather dust in your bedrooms, and you find a host of unwanted goods, that someone somewhere in your neighborhood, needs. And chances are, they themselves may have something you need. So in theory, exchanging goods for the equivalent value of another, does not mean you need to go without something.

So in a cash strapped society, where credit is scarce and the majority of people own more consumer items than ever before in history, why not use the method of bartering goods between people and communities?

Saving Homeowners from Foreclosures

Even if house values are declining, and some homeowners face the prospect of owning an unwanted house, that has become a burden. There could be a easier way to move, without losing your property, "Home Trading.'

What is house trading? Simply, exchanging homes in another area or state without actually involving cash or credit payments. Working on the principle that if one family lives in a state, and needs to move to another area, there is a strong chance an identical couple faces the same dilemma, and needs to move into your area.

Rather than facing the need to sell your home in a negative housing market, house trading makes perfect sense. It cuts out the 'middleman', banks, mortgage companies, real estate agents, and lawyers, therefore saving homeowners thousands in fees, and commissions.

In some areas unwanted homes may not be marketable to trade, but they could be traded for products that still get a high value, which could be quickly turned into cash. One example, could be to trade a house for a boat, car, land and a mixture of other products. Things not needed by one household, that actually save you from losing everything.

These are not quite desperate times yet, but if we look at "house trading" as an economic activity, rather than a desperate solution to a problem. Perhaps, scared homeowners need not worry too much, and can start a new life afresh with assets, and not debts.

"Home Trading", may not be a traditional or conventional way to "sell" a home. But we do not live in conventional times, and perhaps instead of looking for more traditional ways out of a now common problem, "Home Trading" could be an option for the many homeowners now facing the prospect of foreclosures.

Could Freelancing help you Survive the Economic Crisis?

The era of the Company Man or Woman may of died with the current crisis. Secure employment in expanding Governments is more preferable for many people than in traditional Companies. Many people will not see that secure job for a few years, so is freelancing an answer?

In both Europe and the USA, employers used to be very conservative preferring stable, often agreeable employees to risk takers and people who create ideas. This led to organizations that followed the road to financial disaster, because their staff agreed and ignored things rather than tried to change things.

Outside of the corporations, there are a lot of multi-skilled people who would have been able to steer many of these broke Corporations away from the disaster they created. But were left on the sidelines, ignored and often looked down upon by now embarrassed Corporations.

Freelancing is a skill that not only creates an income, but allows people to survive well, when traditional societies face a crisis. When there is little full-time work there is always part-time work, or short term contracts.

A Multi-skilled freelancer may not be an expert in one field, but an expert in several fields, that allows a flexibility in the type of job they can do, and enables them to take on several part-time or short-term jobs at the same time. A freelancer has the advantage over an unemployed banker, after all who needs financial advice from a person that worked for a Corporation that may have ruined the economy?.

A freelancer who has skills in IT, Marketing, PR work, Languages and even a Military background is flexible enough, and experienced in many fields; Someone who has had to change to survive, rather than preferred to sit in a boat drifting to disaster.

The current crisis will favor the freelancer, as long as Governments give them the break to earn a living, without restrictive taxation and some protection. Saving welfare dollars, creating a flexible workplace, based on solving problems with new ideas, rather than creating more problems with old ideas.

Survive the Crisis, by living in a Multi-Family Home

There is no doubt that the current economic crisis will eventually overstretch social security systems in many Countries. and the eventual outcome could be a 'means tested' social security system, that will only be able to give some support. So, how can you survive, the next 'social security crunch in the next few years?

In the developing World, Governments depend on the family safety net, and in many cases rarely give direct financial assistance to the poorest families. This means families have to provide for themselves, inside the extended family network.

This existed in pre War Europe and the United States, where families lived in a multi-family home, and contributed to the well being of all family members. A system that ended during post war prosperity and the rise of the social security safety net, that created a society that did not need tight family bonds to survive.

One sure way of survival is to return loosely to the family system of survival. Where a house could be home to three generations, where children are educated by all the family assisting in their development. Naturally, the family system may be different, after all the traditional family of the 1930's is in the minority now.

Multi-family homes, cut costs, if there is a mortgage, then there is only one mortgage. Bills and repairs can be shared between family members, creating a community and a family. Cars could be shared, whilst the new informal economy, could bring an income to all the family.

This is only a short term solution to a long term problem, because eventually as the economy changes, and starts to grow. The multi-family home, will not be needed, once jobs are created, and the opportunity to buy affordable homes begins.

But right now, if the modern 21st century family, calculated the savings and benefits of a multi family home. The short-term benefits of this system should be more beneficial than without it.

Is Knowledge Trading a New way to Save, and Survive?

Many people and organizations are hurting right now, as the reality of the financial crisis hits home. Debts, Mortgages and cash flow levels are the main preoccupation of many professionals, who are used to thriving in the old economy.

Many people and organizations are hurting right now, as the reality of the financial crisis hits home. Debts, Mortgages and cash flow levels are the main preoccupation of many professionals, who are used to thriving in the old economy.

Legal and Accounting professionals are probably doing very well right now. When theirs a crisis, people need a good Lawyer, and an Accountant, but paying their costs often determine how far you can solve the crisis you face.

Hiring a Lawyer may not be the best way out, legal expenses often run into their thousands, and some Lawyers prolong or even create more problems to generate more money from both parties. Legal costs can ruin a business, above any other expense, so is it time we started Trading Knowledge?.

We all have a skill or service that someone needs, and professionals can actually trade that skill for help they traditionally paid for. A Lawyer for example, may need help in selling one of his homes, if you are a real Estate professional, trading advice with that Lawyer instead of paying fees, could solve both of your problems.

Ordinary people could trade skills with each other. If one person needs a plumber, they could trade their own skill, without having to make a cash payment.

Knowledge Trading is not a new idea, Corporations and Governments have been trading knowledge, and expertise for years. In many ways these Organizations also traded knowledge with each other, which often becomes a successful way to cut costs, and develop inter business relationships.

So Why can't Main Street adopt a common practice of Government, and Corporate business?.

One obstacle could be our Governments. Legal fees and settlements are counted as part of a Countries GDP, as are other service costs such as accounting. Knowledge Trading generates no cash, and only depends on selling time.

So, Governments may be reluctant to see an idea, they themselves use, because the GDP of a Country will decrease even if there is still the same economic activity. Tax revenues also could not be collected on Knowledge Trading activities.

How do you evaluate how much your Knowledge is worth?. This could be easily calculated in monetary terms, and then traded in hours of work. This is not illegal, as Knowledge Trading, is an exchange of services not money.

Finding a medium to promote and trade your knowledge with, currently is a challenge. The internet can become a low cost solution, and 'Knowledge Trading' websites, could become the next phenomenon on the Internet.

New Trends take time, but if the recession turns into a depression then people need to find a way to survive it, and why shouldn't we Trade our valuable Knowledge, to solve each others problems without the need to sink further into debt?.

Benefiting From Big Government

By now, most people realize that governments have grown more powerful after the 2008 Market crash, and big Government has taken the reins of a depressed economy. Who can you benefit from this change?

Citizens can often be cynical about their Governments, if you look at voter turnout figures in past Elections. The 21st Century has seen some historically low voter turnouts in many national elections, with some exceptions like the last US Election.

Now many of these very same Governments own many of the Companies we use, including many of today's largest Banks. Big Government is in, and our Governments now determine, whether the current recession becomes a depression or not.

Whatever happens to this cycle of Governments, for the foreseeable future Governments will be more interventionist, and the prime investors into our current economies. This spells opportunity, in a time when we are still adjusting to a very new economic reality.

Opportunity lies in governmental loans, business stimulation packages, grants and tax breaks. Most Politicians know that high unemployment, and empty pockets leads to a change in Government, so any available funding, should be to citizens who are willing to offer something new.

The biggest winners of this change are not only governmental employee's but Scientists, Innovators, anyone involved in alternative energy field, IT and Educators. And these sectors will only increase in value, when more public funds are pumped into the economy.

Many people and Organizations are looking for a direction, whilst some businesses are already reaping the rewards of the crisis. Some Companies are expanding, and it could become an ideal time to retrain and make a career change.

As certain economic sectors decline or even die, others will rise and take their place. Anyone who sees the future is in clean, sustainable energy should benefit from this crisis. The Solar Industry alone needs qualified people to fuel the expected boom in alternative energies.

Educators are needed in our schools and colleges as this historic economic shift, needs experts to train, and teach people to become part of this change.

To many it's a question of changing careers, retraining and qualifying for the new economy. For others it is a question of pin pointing business opportunities in this economy, and targeting their governments for funding.

Is Job Sharing an Answer to Rising Unemployment?

Job sharing, or worksharing, is a simple idea, but it can cause a major re-thinking of work roles. With job sharing, two or more people share a single job. For instance, Anita may work at a job in the morning and Carlos may take over the same job in the afternoon.

Job sharing is popular with couples, enabling a husband and wife to each work half a day while taking turns with housekeeping and child-rearing responsibilities at home.

Job sharing, or worksharing, is a simple idea, but it can cause a major re-thinking of work roles. With job sharing, two or more people share a single job. For instance, Anita may work at a job in the morning and Carlos may take over the same job in the afternoon. Job sharing is popular with couples, enabling a husband and wife to each work half a day while taking turns with housekeeping and child-rearing responsibilities at home.

Job sharing may provide considerable flexibility for both workers and organizations. In the last recession, Motorola wanted to cut production at its 9,000-employee Phoenix plant without laying off workers. Layoffs would have created hardships for many employees.

They also would have meant high costs for training and recall when it was time to resume full production. Motorola chose job sharing as its approach for cutting production. In so doing, it cut costs by \$1.5 million and saved more than a thousand jobs.

This may become the newest trend during the current economic downturn, considering it makes economic sense that its better someone works, rather than becomes a burden on States that can ill afford to support that person through unemployment assistance.

A question that may seem irrelevant today, but in the coming years, a challenge to even the most liberal minded thinkers, faced with the socioeconomic problems linked with high unemployment, and falling tax revenues.

If we really look at this concept, that its better to have someone working and not being dependent on the state, whilst they may not pay much in tax, at least they do not need to take from the depleted mountain of Government funds.

One country this would work in is Germany, were disguised unemployment levels actually have reached unacceptable levels, and depleted the Governments funds so much, that free enterprise was throttled with taxes.

A recipe that created, a nation that punished business, encouraged dependency on the state, and made key industries outsource, rather than invest in their own Country.

The German example of bad economic Management, should be considered a warning to States that face high unemployment levels, but are unwilling or reluctant to implement new ideas to a permanent problem, that will not go away.

Job Sharing may not please employees, but if the option is unemployment then the majority of people mostly will accept the idea of sharing their job, rather than become part of a growing underclass of unemployed.

Returning to Family Values

In developing Countries, Europeans and Americans are often seen as too Independent, and have lost their sense of "family" values. With many people in the West facing a protracted financial crisis, will we see a change in the way we view "family" values?

In most emerging Countries, the "family" acts as a safety net. In times of crisis, extended families traditionally get together, and help each other overcome that crisis. A similar situation occurred in Europe, and the USA before the boom years started in the 1950's.

Our Societies have evolved greatly from the idea that the "Nuclear" family is the norm, when in reality single parent families have become more of a norm. Social security programs, legal equal rights for women in the workplace, have ensured that we were able to be independent, and relied on the government in times of need, instead of our families.

The nuclear family, with the Father as the breadwinner, the Mother as the homemaker are often antiquated ideas, left in the 1960's. Whilst some emerging countries still focus on the family safety network, even if wealth in these Countries has increased for many, allowing a large minority to experience a similar "western" lifestyle to our own.

Today with the high cost of living, and deep recession. Children are returning "home," because its hard to afford to live on your own, whilst single parents are facing relative poverty, as jobs go.

This may not be a "moral" return to "family" values, but a forced one until things improve, and the New Economy takers shape. But it like many people in emerging countries realize, is more a survival tactic.

It also makes perfect sense in a time of personal evaluation and crisis for many, as incomes decline and the cost of affluence created independent rather than co-dependent people. Now that affluence has turned to possible poverty, many people are forced to reevaluate their former lifestyle, and look at the option of the family survival network..

Governments too may find they may encourage a return to the family, simply because they lack the funds needed to support so many unemployed people, after spending trillions of dollars borrowed on saving the old economy.

The family network is not all rosy, many people from emerging countries could tell you, when they work overseas, often supporting extended families at home. But if change means a return to a modern extended family, millions of people throughout Europe and the USA may find, the advantages outweigh the disadvantages of an extended family in times of crisis.

Could a Workshop Economy help you Survive the current Crisis?

If the current banking stimulus packages do not work out as planned, there is every chance consumer credit will be in short supply until the banking system is reformed. This means businesses will have to be self dependent, in a climate of limited money supply. Are workshops the answer?

Businesses that are thriving through the initial stages of the economic crisis, are workshops. Places that were often shunned because buying new was good for the old pre-October 2008 economy, but with the chance of a prolonged economic depression. These workshops should see more demand, and expand into the closed stores, that formerly sold new products.

In reality, anyone with a skill in repairing, cannibalizing and improving a product, should have a depression proof job. People will have to keep their possessions longer, and eventually fridges, washing machines, cars and Televisions do break down.

Other workshops that could appear are 'New Economy' Workshops, that convert old products into more energy efficient, and greener products. This could include older Car models, that are fitted with more greener engines, refurbishing used furniture, and recycling waste products into something new.

This trend already has started throughout the world, on a small scale and has created a living for many people, as well as assisting in helping the environment. Encouraging this trend, may not be easy for Governments, but faced with the choice of less revenue, they would be wise to allow people to open up workshops, saving unemployment benefits and giving people the chance to use their own innovated ideas.

Repair shops are apparently thriving when other companies are failing, which gives entrepreneurs and investors an option to invest in a type of business that seems unaffected by the current economic crisis. And as these small scale businesses expand, then employment opportunities may expand, which is good news for everyone in this current climate of unemployment.

Can Flexitime Save Jobs?

We all face difficult decisions in the next few years, regarding how we work and the way we work. not only to improve productivity, but to ensure competitiveness and retain employees in the coming economic downturn. Is flexitime the answer?

The **flexitime** approach requires employees to work a certain number of hours during a core work period in the middle of the day ("coretime"). However, the employees are free to decide when they want to come to work and when they want to leave ("flexband").

Under flexitime, one employee may decide to arrive at work at 6:00 in the morning and leave at 3:00 in the afternoon. Another might arrive at 10:00 in the morning and leave at 7:00 in the evening. In 2005 over 29 million full-time wage employees had flexible schedules, and flexi time was offered by about one-third of all U.S. firms..

Flexitime reduces the stress of getting to work during busy rush hours, gives a sense of freedom, and lets employees work during their "best" hours. It may be especially welcome for young families trying to juggle child-rearing responsibilities with work schedules.

Not surprisingly, most employees seem to like flexitime. For instance, one recent experiment carried out in a Midwestern utility found that satisfaction:, levels of an experimental flexitime group, initially similar to those of members of a comparison group, became much higher after implementation of flexitime.

Further, this difference in satisfaction was still seen six months, after the change!" One summary of flexitime studies showed that worker support for adoption or continuation of flexitime across nine samples of workers'-: ranged from 80 percent to 100 percent.

The few studies dealing with the impact of flexitime on performance have concluded that flexitime sometimes helps and in any case doesn't seem to hurt. However, flexitime productivity gains may be due to the Hawthorne effect. That is, workers have been singled out to participate in the flexitime experiments and may behave differently as a result.

Not all jobs are suitable for flextime. For instance, if teamwork is important, flextime may cause coordination problems. Flextime may also result in increased costs for administration and overhead, such as for heating and air conditioning, because of the expanded length of the workday.

However, flextime does assist Organizations in relocating employees in strategic jobs, rather than laying them off. Which in times of high unemployment, could mean the difference between having a job, and being unemployed.

Adding Value to Your Skills to Get the Right Job

During a period of an economic boom, employers often have to offer "incentives" to find the right employees. Depending on the job, this could mean employees can in some cases negotiate a position, in a position of strength. Now, that we face a prolonged economic recession, where the majority of employers are shedding jobs, the emphasis has changed to what you can offer an employer, rather than what employers can offer you.

During a period of an economic boom, employers often have to offer "incentives" to find the right employees. Depending on the job, this could mean employees can in some cases negotiate a position, in a position of strength.

Now, that we face a prolonged economic recession, where the majority of employers are shedding jobs, the emphasis has changed to what you can offer an employer, rather than what employers can offer you.

In a scarce job market, employers have more choice, when they hire someone. And choices depend on what you can offer the Company, in terms of skills. Therefore it is up to you to offer "something", that is irresistible to employers, ensuring you are employable in the new economy.

How do we do this?.

Simply become multi-skilled, rather than be just an expert in one field. Multi-skilled people, have more choice when it comes to applying for a job, then people who have focused on one particular skill in their life.

Companies that are shedding their workforce, whilst reinventing themselves need a more flexible multi-skilled workforce. Employees who could switch jobs, and tasks easily. Who could in effect, assist in turning around the Company, rather than become functionaries.

We all are multi-skilled, but in a rigid system like Europe and some parts of the USA. Employers traditionally preferred singular skilled employees, and multi-skilled employees often found themselves out in the cold.

Now the emphasize is set to change, where employees may have to prove their value to the company, and functionaries could be the first to be laid off. Their positions becoming "part-time", therefore are able to be filled by more multi-skilled employees, inside the organizations.

Retraining could be shifted as an obligation to future employees, rather than the employer. So, multi-skilled employees, who develop their own skills outside work, should benefit more than individuals who are not interested in nurturing these skills.

In order to succeed in the new economy, we need to have our own initiative, rather than depend on other peoples initiatives. We also need to adjust to the new realities of living in a society, where jobs are scarce, and we rather than employers need to provide more incentives for employers to hire us.

The Economic benefits of Home Gardening

One very interesting trend since we have been affected by the global recession, is the resurgence of home gardening. Not as a hobby, but actually as a way to save money on food. Is this trend, good for the Economy?.

Home gardening is a very Green activity, and is extremely good for the environment helping reducing pollution levels in many communities. It is also a way to save money, and eat healthier food.

Economically speaking the resurgence of home farming could affect producers of food, that traditionally supplied more wealthier householders with their fruit and vegetables. Many of these products were imported from developing Countries, or in the case of Europe, new poorer members of the European Union.

There is no doubt that home gardening makes sense, we were dependent on factory farms that often used pesticides that were possibly linked to illnesses in many western Countries. Some of the products we ate, were part of the Globalization of agriculture, including importing poultry from Thailand.

Countries that may be hit by the new trend of home gardening, could be Thailand, that depends mainly on agriculture, Slovenia and Poland, both exporters to the EU. Whilst flower gardens are turned into vegetable, and fruit patches, and homeowners buy chickens, rather than purchase eggs from our supermarkets.

Being green out of economic necessity is a trend we all may have to face in the future, as land may start to become scarcer because of rising sea levels, and our awareness of eating more healthy food, turns us away from more unhealthier factory farming produce.

However, like everything in this age of globalization, others were co-dependent on us for purchasing their food. And the big companies that produced the vegetables, eggs and poultry for us, are probably laying off workers, and reconsidering were they can find new markets, to a new generation of home gardeners.

The Benefits of Thrift

Are you battling a vicious debt cycle? Changing your lifestyle could be the key to financial stability, and a stress free future. This change could turn your life around, and create a better future for you, and your loved ones.

No one likes to be considered mean, but many of us in reality lived beyond our means. This means that we are all partly to blame for the current economic environment, but lets put that issue aside for the moment. At this very moment, we need to change the way we look at our lifestyle, and the ways that we can save and pay off all our debts.

This is a psychological barrier, many conspicuous consumers are facing, but in reality, most of us have no choice. We do not need to cut back on everything, we need to evaluate our attitudes towards money, and the way we spend it. And this starts with the way we shop. If we wonder around a Supermarket, and say to ourselves, "What do we really need?", rather than "What do we really want?"

We will probably find, that we cut our expenses by almost 40%. When we look at a Car, if we look at the Car, and say "Does it serve the purpose, we really need it for?", rather than if we worry about "What others think about it". Then the savings on all the gadgets, fuel costs and extras we bought to "impress others", will help a long way towards paying off a mortgage. Using the "What do we really need?", philosophy also helps you around the house.

If we evaluate what we really own, the true value it has to us, and the real use these items have. Then we would probably empty most of the house, and could sell these items off, if we need spare cash. Many items could be reconditioned, an old comfortable sofa can easily be recovered, and look new. A home computer, upgraded and cleaned up rather than replaced.

Even the household furniture, repainted or varnished, with the classic "hand made" look. Attitude right now is everything, times are going to be tough. Our dreams, which we believed were reachable, are in fact unreachable because many of us, simply spent more than we earned, and lived like the wealthy, when in fact we never made enough to sustain that lifestyle.

But, if we look around and can say we are healthy, we have a comfortable home, a means to earn enough income, and are aware that our lifestyle has to be sustainable, then we should get through this current slump, and enter the coming new economic age, financially intact.

Into the Future

A New Type of Corporate Executive

After the crash of October 2008, the perception of global business, and global business Leaders has changed from being the leaders of economic growth, to the villains of economic destruction. Is it the end of the traditional American Corporate Executive?

After the crash of October 2008, the perception of global business, and global business Leaders has changed from being the leaders of economic growth, to the villains of economic destruction. Is it the end of the traditional American Corporate Executive?

There is no doubt that Management structures and techniques have to change. The once mighty Corporate Executive now is seen as a leader that's flawed and has benefited from their own greed, whilst passing on the responsibility to someone else.

Bankers in particular are the new villains of capitalism, when in the past they were the Kings and Queens of Global empire building. In the future, the idea that business Leaders can pass on responsibility and gain the trust of people has been destroyed.

Surviving this new crisis means that a new type of Corporate structure, and Executive will take place of the old. Bringing opportunities for former outsiders to take over the positions of the pre October 2008 Executives. This is opportunity for Middle and Higher Managers in Corporations that are not touched with the blemish of in competency and greed to move up. Like many traditional politics, the corporate World looks like it is going to be restructured, and subjected to change.

This is not the end of the Corporate Executive, rather the start of a new type of Executive. Someone whose job is to win the public's trust back, whilst restructure their Organizations to meet the challenge of a very new marketplace.

And these new Corporate Leaders will have to come from unblemished backgrounds, many may be former corporate outcasts who were sidelined in the former Corporate structure. Others new economists, who realize that accountability cannot be sidestepped by hiding behind corporate banking laws, and Lawyers.

These new decision makers, will have to accept much lower salaries, accountability for their decisions and be in the public eye more than previous Corporate Leaders. When they utter the words, sustainability, transparency, and profitability, they have to be convincing and more open than their predecessors who are the byword for greed and deception in many people's eyes.

Their job is also to save Capitalism, because Capitalism cannot afford any more Bernie Madoff's, if trust is going to be restored in the markets, and in Big business. Otherwise Capitalism may be reinvented, without the current role of corporations.

This means opportunity for more open and sustainable business Leaders, who will come from the ranks of middle, and higher management.

The Future of the Internet

One growth area in a global economy that faces negative growth, is the internet based economy. This will see growth levels in the future, as people look for an income through the Internet, as more traditional jobs become scarce. What could the Internet look like in the next few years?.

As Companies look to cut costs, and people look to find an income in economies that are shedding jobs, rather than creating them. One natural place to look is the Internet.

There could be a huge growth in networking, communicating and eMarketing in the next few years. More Companies may turn to the Internet for cheap communication, and cut down on more expensive face to face business trips. This spells opportunity for new ventures, and innovators involved in developing websites, and tools in these fields.

A Website is the cheapest way to start a business, and offer a service without needing a premises or staff. One problem is that most commercial websites do not make money, but keep going because they can run at a loss, because of the low capital outlay of the business.

Many websites are "second businesses," which now may be the only viable form of getting an income for many people. This could make the Internet more expensive, as the need to earn money from the website, overshadows, the dream of having an extra business on the internet.

E Marketers are the ones that always profited from this trend, because the need for traffic, is the priority of any website owner. And with a growth of new websites, E marketing is going to become one way, people see of creating an income.

Publishing is also a rising trend that will boom online. Too many the Internet is one way to get published cheaply, when traditional publishers are very conservative in choosing authored work. The growth in E Books has meant, more eBooks are now read, then printed books.

The online ebook market is not only going to be English only, with millions of readers in non-English speaking Countries going online. Chances are, there could be successful eBooks websites in Hindu, Vietnamese, and many other languages, after all technology is getting cheaper and more accessible to many people in the developing World.

In the next few years, people will have more time on their hands, and less money to spend in Developed Countries. The Internet may become the only place that's affordable to visit, as well as a place that may offer hope in the form of work, and business.

This is good news for successful, and innovative website owners. As the online community grows, the small chance of a successful website, is the road ahead for the new economy, and for a new generation of internet users.

Benefiting from the New Space Age

Whilst most of us were preoccupied with the stock market turmoil of late 2008. China had launched its second successful space mission, India had sent a probe to the Moon, and Iran had launched its first Satellite. This signifies the dawn of a very new Space Age.

We have always been used to Space being the frontier of more developed Countries like the USA, Russia and in part the European Union, all this changed in late 2008.

This has led to new players in the commercialization of space, and a new, different type of space race. These new players are competitors in the economic space race, that create new technologies, which could be sold commercially at "home." But also lessen the dependence on the USA, to use the commercial section of NASA.

As this new Space Age develops, China and India could become competitors in the satellite launching business. Iran could even start launching satellites on the cheap, bad news for NASA.

New nations could join this age, Japan is technologically geared for equipping New nations who join this age, with high technological products needed to compete. Whilst Chinese produced technology has proved, that China does not need to buy technology, for the countries own space program.

Space Technology is one small part of the USA's march into a new Green and Technological revolution that should help the United States reinvent its Industrial base. Competition from emerging Countries in this field may dampen enthusiasm for this development, especially if competitors can create cheaper options to what could be provided in the USA.

One fact remains, no matter how bad our economies are, the future does look good for Space based Industries. And the globalization of these industries, should lessen the cost of the New Space Age, as new Nations compete with each other for the billions of dollars in business, Space has already generated for Governments.

Innovations in Information Technology

No matter what happens in our economies in the next few years, the IT Industry should see growth, with new products and innovations that will not be affected by the economic crisis. So what is the shape of the future in IT?

When you visit a Shopping Mall in Asia, you find a huge range of IT products on offer, and a huge price range for similar products, ranging from unbranded products to the big names in IT. These products are getting cheaper, more diverse and more affordable.

Laptops are one example, over the last ten years when Industries were relocated to the developing World. Innovators in Countries like China, and India took these products they were manufacturing, and tried to make them cheaper and more affordable, creating new markets for their own products.

Now Microsoft have already partnered with an Indian designer to create an energy efficient 200 US Dollar Laptop, and the Indian designers have successfully made a 10 dollar Laptop, Asus in Taiwan, are selling innovative mini-laptops, at 289 US Dollars.

There is no doubt, that innovation in the IT Industry will create new customers, who will join the Internet Revolution experienced in places like Hanoi, Calcutta, and Dhaka. Along with this change, is the realization that educating people to use this technology, will become a boom in the next few years.

Technology will become smaller. Mobiles will only sell if they contain a lot of extras that a few years ago no mobile manufacturer will consider cost effective. Now Manufacturers in the developing World, are creating their own Mobile brands, that are inexpensive, loaded with extras and bring technology to people who ten years ago, could barely afford a basic phone.

The technological revolution that started in the early 1990's marches on, but in Countries that never were part of the IT revolution, and tech savvy Citizens of these Countries will compete with their counterparts in the USA, and Europe, bringing ever cheaper innovations, that only will wire up the World, even if it is currently in relative gloom.

Our Green Future

The new American and European engine of recovery, rests on investing into a "Green Economy." What could the future "Green Economy" be like?

No one can correctly predict the future, even our current decision makers and economists. However our societies are going to experience a new type of revolution, the Green revolution.

The consequences of this Green revolution could be life changing, moving our dependence away from fossil fuels, towards more sustainable, ecologically friendly energy. Trading our petrol run cars, for electric or even water powered Cars, and powering our homes with wind, water and solar energies.

Communications will change, the Internet Revolution has been here for well over 18 years. However we are entering another stage of this revolution, by using Internet technology, we could save on communication costs. This cuts back business costs, and more important creates a global virtual community.

The Green Revolution, could mean sacrificing or re-evaluating our old habits, that died with the old economy in late 2008. Starting with our attitudes towards more sustainable consumption: *by not importing products that allowed us to export our environmental problems.*

Exporting this revolution could create jobs in new industries back in our own Countries, just as we outsourced our Industries, we could very well be exporting our expertise in the "Green Economy."

As in every Revolution, the old is eventually cast out forever, and the new is embraced. In the Industrial Revolution, we turned from poor peasants into Factory workers, in the Green Revolution, many of us could turn from conspicuous consumers into sustainable consumers.

The will of our Governments, the technology and the remnants of our Industries are ready for change. A change like the Industrial Revolution that, could turn our failed old economy around, into a new and sustainable one, with the right investment, leaders and above all, technology.

Surviving the Economic Crisis

"Current and Future Trends"



When our Stock Markets collapsed after Lehman Brothers sought Bankruptcy in September 2008, our Old Economy changed forever.

The way we reacted to this drastic and sudden change, has dominated our lives since that fateful day in September.

To understanding this sudden change, our reactions to this change, and how we could adjust to these changes, may be the key to building our future.

New Economics

